

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
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In the Matter of)
)
GTE CORPORATION,)
)
Transferor,)
)
and)
)
BELL ATLANTIC CORPORATION,)
)
Transferee,)
)
For Consent to Transfer Control)

CC Docket No. 98-184

COMMENTS OF THE
UNITED STATES HISPANIC CHAMBER OF COMMERCE

March 1, 2000

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**COMMENTS OF THE
UNITED STATES HISPANIC CHAMBER OF COMMERCE**

The United States Hispanic Chamber of Commerce (USHCC) respectfully submits these comments to the Federal Communications Commission (“the Commission”) pursuant to the January 31, 2000 Public Notice ¹ seeking comment on the proposed transfer of control of GTE Corporation (“GTE”) to Bell Atlantic Corporation (“Bell Atlantic”). The USHCC takes special notice of the *Supplemental Filing of Bell Atlantic and GTE*² as well as the *Proposed Conditions for Bell Atlantic/GTE Merger*³ which clearly demonstrates that this merger will bring benefits to Hispanic businesses, the Hispanic community at large, and to all Americans. We urge the Commission to approve the Bell Atlantic/GTE merger with the *Proposed Conditions* because it will provide increased competition and choice in local, long distance and wireless services. In addition, the merger will further facilitate deployment of advanced telecommunications services to low-income and rural communities. We also believe the procurement and contracting opportunities for Hispanic businesses as well the divestiture of GTE-Internetworkings (GTE-I) into a publicly owned company will provide economic benefits in the best interest of the public.

¹ Public Notice, Commission Seeks Comment on Supplemental Filing Submitted of Bell Atlantic Corporation and GTE Corporation, CC Docket No. 98-184 (rel. January 31, 2000).

² Supplemental Filing of Bell Atlantic Corporation and GTE Corporation, CC Docket No. 98-184 (rel. January 27, 2000).

³ Proposed Conditions for Bell Atlantic/GTE Merger, CC Docket No. 98-184 (rel. January 27, 2000).

I. STATEMENT OF INTEREST

Founded in 1979, the USHCC is the preeminent voice for the Hispanic business community with the primary mission of promoting Hispanic entrepreneurship and increasing the economic well-being of Hispanic businesses and communities. With a network of over 200 local Hispanic Chambers of Commerce across the United States and Puerto Rico, the USHCC advocates on behalf of over 1.5 million Hispanic-owned businesses. The USHCC is actively engaged in a national dialogue with corporate America, elected officials and other Hispanic public interest groups in an effort to meet the needs of Hispanic business owners and their communities.

Key to that mission is promoting public policies, regulations and corporate business practices that reduce the cost of owning and operating a business as well as seeking out opportunities for Hispanic businesses and entrepreneurs to expand and grow. The USHCC is critically aware of the role telecommunications and technology plays in the way consumers live, shop and conduct business. Having participated in other telecommunications and technology deliberations, the USHCC is well positioned to provide substantive input on these issues.

II. NEW OPPORTUNITIES FOR HISPANIC-OWNED BUSINESSES AND ENTREPRENEURS

The *Proposed Conditions for Bell Atlantic/GTE Merger* includes two provisions that the USHCC see as vital opportunities for Hispanic-owned businesses and entrepreneurs. First, there is the commitment to spend at least \$500 million, within 3

years post-merger, to foster out-of-region competition.⁴ Not only does this commitment bolster the competitive nature of the proposed Bell Atlantic/GTE merger, but it also creates opportunities for Hispanic-owned businesses to compete for and secure new service contracts and business opportunities.

According to the Applicants, the \$500 million will be spent on “services, including resale, that compete with traditional telephone services offered by incumbent local exchange carriers or to provide Advanced Services to the mass market.”⁵ We also note that at least 50% of the funds will be used “to construct, acquire, lease, use, obtain or provide facilities, operating support system or equipment to service customers in the Out-of-Region Markets.”⁶ Adherence to the out-of-region investment condition is further strengthened by the Applicants’ offer to incur a monetary fine, payable to the U.S. Treasury, should the newly merged company fail to achieve the out-of-region expenditures.

The USHCC considers the out-of-region expenditure condition a distinct benefit of the proposed Bell Atlantic/GTE merger and looks forward to working with the Applicants to identify qualified Hispanic-owned businesses and entrepreneurs to provide such services. Given that USHCC has worked cooperatively with both companies in the past to ensure Hispanic-owned businesses have access to procurement and contracting opportunities, we are confident that the newly merged company will continue to capitalize on this strategic partnership.

⁴Proposed Conditions for Bell Atlantic/GTE Merger, CC Docket No. 98-184 (rel. January 27, 2000), page 39.

⁵ Ibid.

⁶ Ibid

The second condition that the USHCC views as a direct benefit to Hispanic entrepreneurs and to the Hispanic community at large is the opportunity to buy into the initial public offering (IPO) that will result from divesting GTE's existing nationwide data business, GTE Internetworking.⁷ By creating a new corporation ("DataCo") that is 90% publicly owned and controlled, the Hispanic community will have an opportunity to become stockholders of DataCo and therefore would be in the position to reap financial benefits as well as exert influence on the company with their voting rights. The USHCC is eager to work closely with the Applicants to ensure the IPO is made available to our members.

The USHCC is a staunch advocate for creating procurement and contracting opportunities for Hispanic-owned businesses. We are also committed to increasing the general economic wealth of the Hispanic community and ensuring Hispanic representation on corporate boards and other decision-making bodies. These two conditions are excellent opportunities for the USHCC to advance these objectives and we applaud the Applicants for making these commitments. We urge the Commission to share our view that these two conditions are in the interest of the public and will result in economic development opportunities for Hispanic businesses, communities and all Americans.

⁷ Supplemental Filing of Bell Atlantic Corporation and GTE Corporation, CC Docket No. 98-184 (rel. January 27, 2000, page 32).

III. COMMITMENT TO DEPLOY ADVANCED TELECOMMUNICATION SERVICES IN LOW INCOME AND RURAL COMMUNITIES

There are over 1.5 million Hispanic-owned businesses throughout the United States and Puerto Rico vying for business opportunities from consumers, governments and corporations across the nation and internationally. A critical requirement in an economy that is Internet driven is the ability to access high speed Internet services for business-to-business transactions, government-to-business transactions, and general electronic commerce transactions. As noted by various sources, the amount of commerce conducted across the Internet, primarily business-to-business, equals \$98 billion and it is projected to grow to \$1.2 trillion in a few short years. In addition, over 130 million people are using the Internet today with approximately 20 million shopping on-line.

As more and more large companies, governments and the public demand electronic communications and transactions with small businesses, it is essential that these services be affordable and available throughout the United States and Puerto Rico. The competitiveness, cost-effectiveness and growth of Hispanic-owned businesses depend on their ability to access high speed connections to the Internet. The USHCC is committed to ensuring that our members have access to the technology and networks they need to succeed.

However, many Hispanic-owned businesses, as well as consumers, do not have access to advanced telecommunications services. As the Commission has experienced, because of the digital divide and high speed Internet disparities between urban and rural areas, the Hispanic community has not been able to fully participate in the New Economy.

This lack of participation by the Hispanic community is a serious concern to the USHCC. These disparities handicap Hispanic-owned businesses and consumers that are located in rural or low-income communities, including states with large concentrations of Hispanics, such as Arizona, New Mexico, Florida, New York, New Jersey, Illinois and California. Their efforts to fully utilize the Internet to expand their business, contribute to local, national and state economies, and create new jobs is being thwarted. That is why we are pleased that the Applicants have committed to roll out advanced telecommunications services, specifically xDSL services, to low-income urban communities and rural communities.⁸ We are equally pleased the Applicant's will file a quarterly report with the Commission regarding the status of its xDSL roll-out, including the number and location of urban, rural and low-income wire centers.

The pledge to deploy xDSL services to low income and rural areas will have a positive impact on Hispanic-owned businesses and consumers as they strive to fully participate in the New Economy. The USHCC strongly endorses the rapid deployment of advanced telecommunications services and we urge the Commission to factor this important benefit into their deliberations. Approving the Bell Atlantic/GTE merger with the proposed conditions will allow the Commission to move one step closer to fulfilling Section 706 of the Telecommunications Act of 1996.

⁸ Proposed Conditions for Bell Atlantic/GTE Merger, CC Docket No. 98-184, (rel. January 27, 2000), page 25.

IV. INCREASED COMPETITION, CHOICE AND INNOVATION

Finally, given that the costs of telecommunications services are a significant expense item for many businesses, including Hispanic-owned businesses, it is vital that these costs be affordable. The USHCC believes that competitive pricing of telephone and data services can only be achieved and maintained when there is a robust competitive environment. The proposed Bell Atlantic/GTE merger holds promise for increased competition, choice and innovation in local, long distance, wireless and advanced telecommunication services. By combining the assets of the two companies, the new company will emerge with a national footprint and a broad-based package of services capable of competing with other national telecommunications providers. The USHCC is confident that the ability of the newly merged company to compete nationally will have a positive impact on the telecommunications marketplace, especially in terms of exerting downward pressure on the cost of services.

The USHCC takes note that the Bell Atlantic/GTE merger application includes a powerful incentive for the newly merged company to foster a competitive environment in the long distance market as a condition of converting DataCo ownership back to the newly merged company.⁹ The USHCC notes that nothing in the Bell Atlantic/GTE merger application exempts the newly merged company from adhering to Section 271 requirements with respect to providing long distance telephone service.

⁹ Supplemental Filing of Bell Atlantic Corporation and GTE Corporation, CC Docket No. 98-184 (rel. January 27, 2000), page 52.

Yet, the applicants have pledged that if they fail to secure 271 approval in a sufficient number of BA states within 5 years, they will lose their ability to purchase back DataCo. The USHCC believes that with this incentive in place, the newly merged company will move quickly to ensure local and long telephone competition is vibrant. We are equally confident that the newly merged company will succeed in securing 271 approval since Bell Atlantic is the only RBOC that has succeeded in gaining approval from the Commission thus far.

All consumers will benefit from increased competition, choice and innovation in the telecommunications market. The USHCC considers the Bell Atlantic/GTE merger an excellent vehicle for achieving this outcome and we ask the Commission to expeditiously approve the application.

V. CONCLUSION

Like the Commission, the USHCC is committed to ensuring the telecommunications market is competitive and that all segments of society have access to the choices, innovation and economic opportunities that come with a free-market society. The USHCC believes that the Applicants have submitted a merger application with plans and conditions that will benefit all consumers. We are especially eager to work with the Applicants and the Commission to realize the benefits that we highlighted in these comments because they directly impact Hispanic-owned businesses and consumers. Consequently, we urge the Commission to approve the transfer of control of GTE Corporation to Bell Atlantic Corporation with the proposed conditions found in their supplemental filings of January 27, 2000.

Respectfully submitted by,

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Respectfully submitted by,

A handwritten signature in black ink, appearing to be 'G. Herrera', followed by a horizontal line.

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